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FOREIGN AGRICULTURE

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World Dairy Situation in the 1960's

Survey of Mexican Agriculture

U.S. Short Staple Cotton

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This week's cover:

Danish milkman delivers his product ". . . milk which is wonderful" via the suction method. Denmark has been a long-time exporter of dairy products. For a survey of the world dairy situation in the 1960's see article beginning this page.

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The Story of the 1960's: U.

By DAVID R. STROBEL
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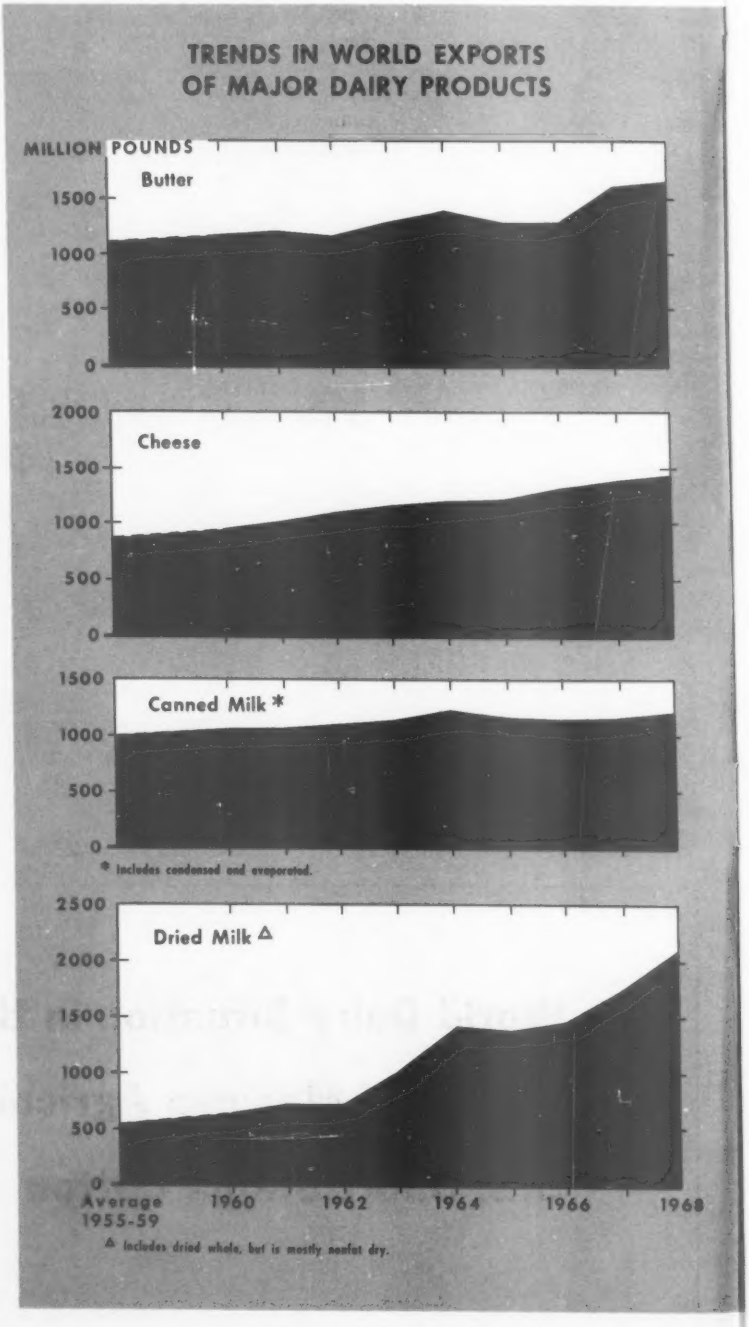


s: U.S. Dairy Products in World Trade

The most significant change in the world dairy picture during the 1960's has been the shifting of the dairy surplus problem from North America—principally the United States —to Western Europe—principally the European Community. As the decade began, the United States was in the midst of an upswing in milk production that was giving rise to rapid growth in stocks of dairy products. Now, as the decade draws to a close, it is the EC that is struggling with excess milk production and burdensome dairy product surpluses.

In the mid-1960's, the upward trend of U.S. milk production reversed itself. Meanwhile, the United States throughout its period of burdensome dairy surpluses was working to reduce its dairy product inventories without weakening the domestic dairy industry or disrupting the domestic or export markets of other dairy producing countries. As the 1970's approach, however, the EC has not yet solved its milk production and dairy inventory problems, and world prices and dairy trade are feeling the impact of these difficulties.

U.S. dairy surpluses have shrunk

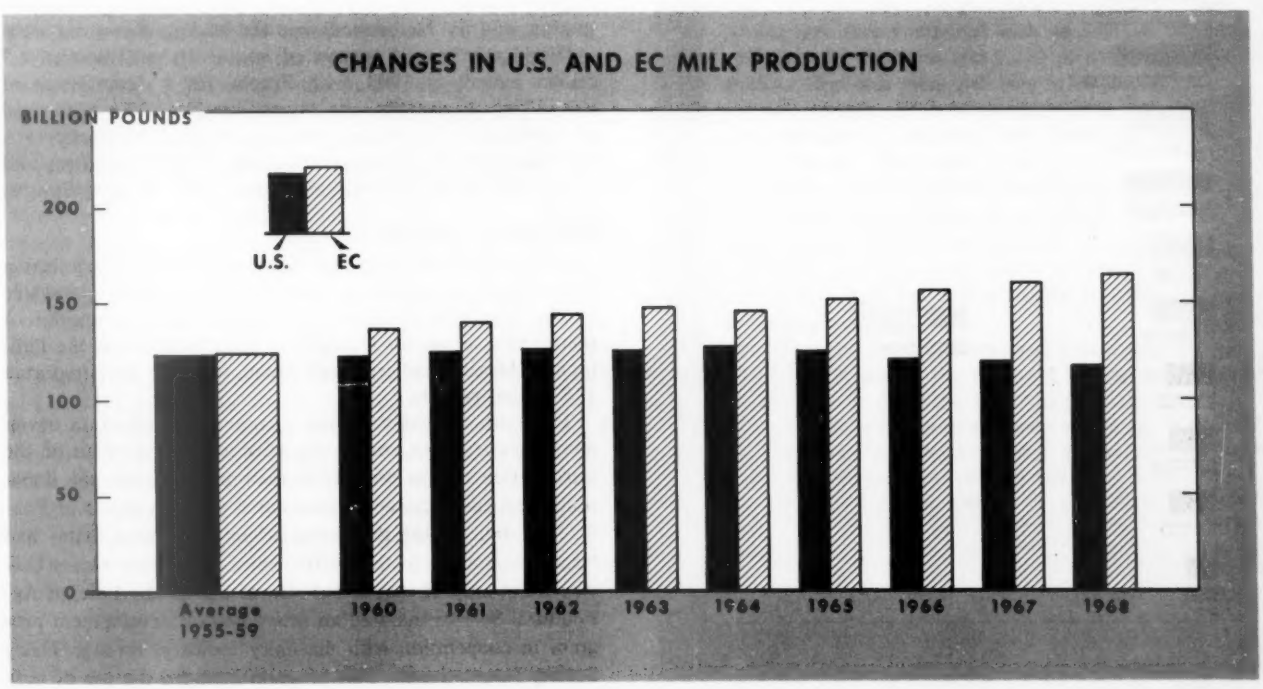
Total milk production in the United States continued an upward trend until 1964, peaking at 127 billion pounds. Up to this point the steady increase in production per cow more than offset the declining number of milk cows. But in 1965, total milk production turned downward, and by early 1966 it was about 7 percent below the level of the year before. This sharp decrease resulted from the combination of two factors —the increased number of farmers leaving dairy farming and an unusually steep decline in the number of milk cows, at a rate more than double the average rate of the preceding 10 years. Although both the decline in cow numbers and that in milk production may be less in 1969 than in 1968, the downward trend in U.S. milk production continues.

Surplus milk production in the major producing countries of the world has historically been channeled principally into the production of storable items like butter and nonfat dry milk. A milk production decrease, therefore, such as that occurring in the United States, reduces the supply of milk available for the manufacture of dairy products, and the production of butter and nonfat dry milk then markedly declines. Uncommitted U.S. Government inventories of butter and nonfat dry milk, at their respective peaks in 1954-55 and 1953-54, amounted to 455 million pounds and 599 million. By the end of 1968-69, they had been reduced to the manageable levels of 69 million and 182 million.

Europe's dairy surpluses are swelling

While U.S. milk production has been declining, milk production in other major dairy producing countries of the world has been increasing. Western Europe's milk production, in particular—about a third of the world total—has jumped by about 18 percent above that of 1955-59 and about 3 percent above that of 1967. Production in the EC has accounted for a substantial part of the increase; in France, the Community's largest producer, the rise has been about 55 percent during the decade and about 5 percent in the past year alone.

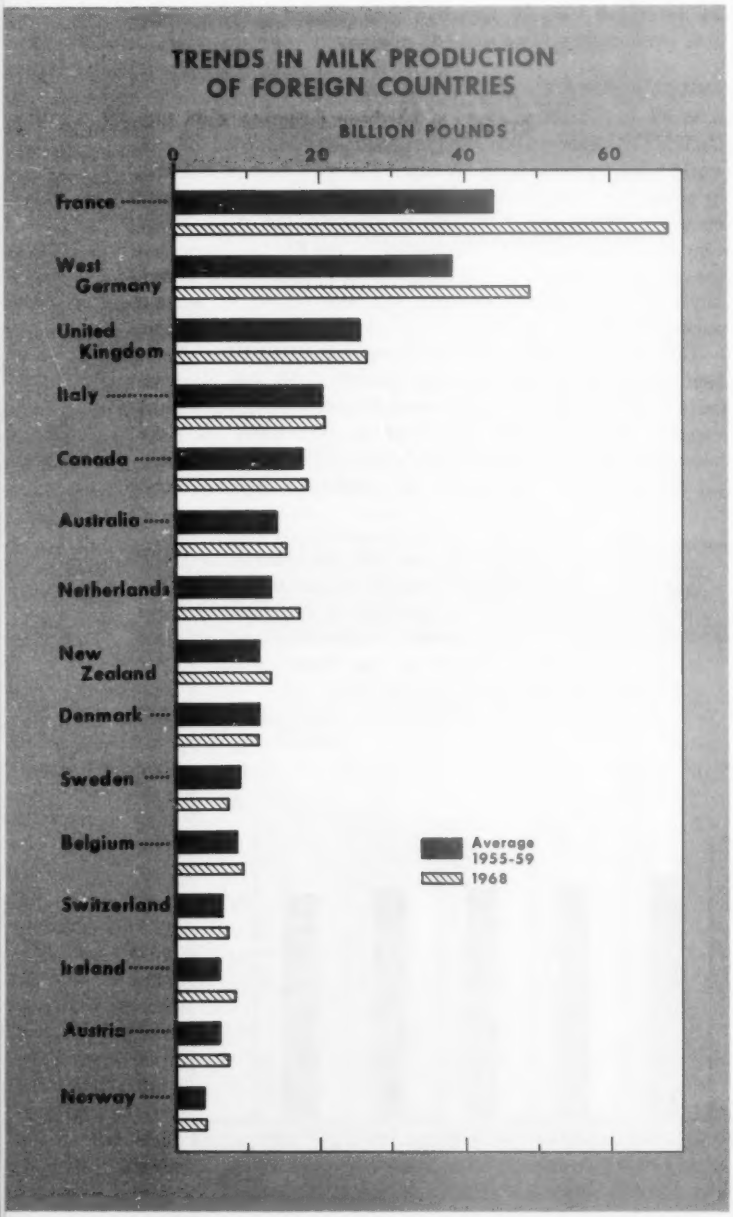
This rapid increase in EC milk production has been stimulated by the EC's common dairy policy, which has insulated the EC market from outside competition by erecting import barriers and has established a high internal target price for milk plus high intervention or support prices for the principal manufactured dairy products. Milk consumption, how-



ever, has not only failed to keep up with production, but has in fact declined; and the surplus milk has been channeled mainly into the manufacture of butter and nonfat dry milk.

EC butter production rose 7 percent to 1.4 million tons in 1968, with consumption declining 1.6 percent. Stocks of butter and nonfat dry milk September 1, 1969, were reported by *Agra Europe* as about 950 million and 800 million pounds, respectively; and it is anticipated that the EC will begin 1970 with carryovers of about 900 million pounds of butter and 970 million pounds of nonfat dry milk.

The annual cost of the EC's dairy program is now near the $1-billion level. The Community has tried various methods of reducing its dairy surpluses. One has been to export them at highly subsidized prices. The EC butter subsidy rate is about 60 cents per pound to most third-country markets, compared with the $1.00-per-pound price paid by French housewives. The EC has also made both butter and nonfat dry milk available at very low prices for use as animal feed and has provided butter for as little as 11⅓ cents per pound to food processors manufacturing products that will go to the export market. It has recently made some quantities of nonfat dry milk available to the World Food Programs. Its latest action is a group of measures designed to curb the production and commercial supply of milk (see p. 13, this issue).



The trend of world trade

Although world trade in dairy products has increased 35 percent in the past decade—amounting to 54 billion pounds for 1968 on a whole milk equivalent basis, the highest level on record—the commercial market continues to be geographically limited. Commercial trade in the major products—butter, cheese, and nonfat dry milk—has been and is still limited mainly to developed countries, with a few import markets supplied by a relatively few exporting countries. The only significant change is that whereas the import markets of the EC were until recent years supplied from outside the EC, they are now principally supplied from EC sources. Thus, in effect, the number of accessible commercial markets for dairy products has decreased.

World trade in *butter*, even at the low prices at which this product is being offered on the world market, increased only about 2 percent in 1968 over 1967, but had a total rise of 47 percent over the 1955-59 average. Western Europe continues to account for nearly three-fourths of total world butter imports, as it did in 1955-59. The United Kingdom, the most important market, took 87 percent of West European butter imports before the decade began, and 84 percent in 1968. New Zealand was the largest exporter in both periods.

World trade in *cheese*, at a record high of 1.4 billion pounds in 1968, was up 3 percent over the preceding year and more than two-thirds over the pre-1960's average. Western Europe imported over 1 billion pounds to remain the largest import market, and the Netherlands was the leading cheese exporter.

World commercial exports of *nonfat dry milk* totaled 1.7 billion pounds in 1968, with France—as a direct result of subsidizing its exports—the largest supplier. This high level of world trade, however, was also confined primarily to a relatively few import markets in developed countries; and of the total trade, 827 million pounds went to West Europe.

Developing markets

Nonfat dry milk is the only dairy product for which during the past decade significant markets have grown up outside of the developed countries of Europe. Large quantities of nonfat now move, for example, to such countries as the Philippines, Mexico, and especially Japan, which in 1968 imported 152 million pounds.

The existence today of new commercial markets in developing countries for nonfat dry milk is a direct result of the introduction of this product to their people under the donation, local currency, and concessional sales programs of Public Law 480, during the period when the United States had large inventories. In the 1950's, when there were excess U.S. stocks not only of nonfat but also of butter, the Foreign Agricultural Service initiated an active market development program in cooperation with the dairy industry, through Dairy Society International. This program included the use of non-

fat dry milk to extend the supplies of high-fat buffalo milk—the major milk supply in many developing countries. It also included assistance in the overseas manufacture of recombined fluid milk and recombined manufactured dairy products from nonfat dry milk and anhydrous milk fat. To guide the overseas manufacturer of recombined dairy products, a series of bulletins was issued, and nonfat dry milk and anhydrous milk fat were made available for local currency sales and for commercial export at competitive world prices.

During the 1960's, as U.S. dairy product inventories have become smaller and as dairy product inventories in other dairy countries have reached surplus levels, U.S. dairy product market development activities have been curtailed. Two overseas offices—in Beirut, Lebanon, and in Santiago, Chile—were closed in 1968. The U.S. market development efforts, however, served the useful purpose of assisting in the movement of surplus dairy products into new overseas channels, for new uses, that did not disrupt the normal commercial marketings of other dairy exporting countries. The fact that recombining plants are being established overseas by several of these countries and that commercial markets for nonfat dry milk have taken root in developing countries is a footnote to the sucess of these efforts. The world dairy market is now in a depressed state; but the situation would be worse if it had not been for the new uses and outlets developed through the U.S. market development program.

The U.S. dairy industry has always had and still has a small commercial export market for specialty products, such as infant and dietetic milk-based foods, sterilized milk and milk products, specialty cheeses, modified milks, and malted milk. As the decade of the 1960's draws to a close, we are now in the process of determining the possibility of further developing these specialty markets and the type of market promotion that would most effectively do the job.

A look at

Problems and Prospects of Brazil's Jute Industry

Although most the world's jute is grown in India and Pakistan, a significant amount is also produced in our own hemisphere in Brazil. In 1968 the Brazilian crop (jute and malva) totaled 65,000 metric tons, and exports of jute and jute products were valued at US$8 million; over $7 million of this was jute material for bags.

The big increase in 1968 bag material exports, up 133 percent from the $3 million worth exported in 1967, was the result of short crops in the major producing countries and the inclusion of jute in the wheat trade agreement with Argentina. This agreement called for Brazil to supply 15,000 metric tons of jute in 1968. High prices coupled with a 30-percent tariff preference in the Argentine market enabled Brazil to fulfill its commitment.

Continued high prices in early 1969 have made it possible for Brazil to export 7,964 metric tons of jute goods at an average price of $518 per ton during January through July, compared with 5,311 metric tons at an average of $472 per ton during the same period last year. However, the outlook for the rest of 1969 is not as promising. Large crops in Pakistan and India have been causing a downward trend in world prices. At the same time a reduced jute crop in Brazil and a strong demand resulting from an anticipated record million-metric-ton wheat crop have firmed internal prices, making it difficult for Brazil to compete with other jute producing countries in the Argentine market.

Brazil has made a new agreement to supply Argentina with 20,000 metric tons of jute goods in 1969. Although Brazilian jute is exempt from Argentina's 30-percent ad valorem tax on jute imports charged to other suppliers, there now seems to be a possibility that Brazil may not be able to supply this 20,000 metric tons and that total exports for 1969 may fall short of those for 1968.

Jute is threatened in the Brazilian market by polyethylene and polypropylene woven bags and by a trend toward bulk storage and handling facilities.

However, economic development may bring about other uses for jute as it has done in the United States. Though U.S. industry imports relatively little raw jute, it is the world's largest user of jute material (burlap, hessian, telas de juta, aniagem). Jute goods are used in the U.S. market for carpet backing, cotton bale covers, furniture webbing, carpet cushions, and holding soil in highway construction.

An immigrant to Brazil

Jute production in Brazil was first attempted in the State of São Paulo in 1920, but the climate was unsuitable and results were poor. Japanese colonists came to the mid-Amazon region in 1930 and found the climate ideal for jute production—hot and very humid. However, the seeds they used imported from Pakistan and Formosa, did not adapt well. Finally in 1933 seeds from India produced a satisfactory yield.

Between 1952 and 1967 yields oscillated between 1,071 to 1,161 pounds per acre compared with an average of 1,428 pounds per acre for Pakistan and 1,250 pounds per acre for India. Present Brazilian yield per acre is estimated at from 1,071 to 1,607 pounds. With better orientation and technical assistance to planters, production may reach an average of 1,785 pounds per acre in the coming years.

At the present time, 75 percent of Brazil's jute is produced on 30,000 hectares in the State of Amazonas, while the remaining 25 percent is grown in the State of Pará on about 10,000 hectares. Malva, a fiber which is similar to, though shorter than, jute and has less elasticity is produced only in the higher lands of Pará.

In 1969, Brazilian producers received a minimum price of NCr$0.60 (15 U.S. cents) per kilogram of jute delivered to pressers—an increase from the 1968 price of NCr$0.46 (14 U.S. cents). In turn, pressers are now receiving NCr$0.95 (23 U.S. cents) per kilogram of jute pressed in 200-kilo bales with minimum density of 400 kilos per cubic meter compared with NCr$0.75 in 1968. These cruzeiro price increases were just sufficient to keep pace with the rising cost of living which increased 25 percent in Rio de Janeiro during 1969.

Approximately 250 metric tons of seed are required each year for Brazil's jute crop. The seed production, handled

Brazilian farmer soaks jute in water before separating the fiber from the stalk.

under the direction of the Institute of Agricultural Research and Experimentation of the North (IPEAN), is carried out in the State of Pará with distribution to jute producing areas in Pará and Amazonas. However, problems with river transportation held up the delivery of seeds to Amazonas and affected production in 1968 and 1969.

In order to decentralize the production of jute seeds, and thus avoid further late deliveries, IPEAN is now considering the establishment of a seed production center in Amazonas. In 1967, 1,000 metric tons were produced in Pará, leaving a substantial surplus and making it unnecessary to produce seeds in 1968 and 1969.

Jute financing

The Bank of Brazil reports that its agencies in the States of Amazonas and Pará allot a considerable volume of funds each year to finance jute production. However, only a small number of planters, most of them Japanese, use CREAI's financing facilities and thereby obtain satisfactory profits when selling their jute. Many jute farmers are illiterate, and have no deeds to prove ownership of the land, and thus are unable to sign documents required by CREAI to release the financing. As a consequence, producers depend on the middlemen and are subject to the payment of high interest rates.

Last year Brazil had 36 factories—14 in São Paulo, 10 in the Amazon region, 4 in Rio de Janeiro, 2 in Rio Grande do Sul, 3 in Pernambuco, 2 in Paraná, and 1 in Salvador. With the exception of 8 modern and well equipped factories in Amazonia, the Brazilian jute industry is equipped with antiquated machinery working at a very low level of productivity and consequently at a higher cost. In 1970 a new plant, equipped with modern machinery and capable of processing 4,000 tons of jute each year, is scheduled to open in Amazonas.

According to an IPEAN technican, Brazil's jute producers must mechanize the harvesting on larger plantations, removal of fiber from the stalk, and washing, if they are to lower the price of jute and compete with India and Pakistan on the world market.

—ROBERT W. JOHNSON
Assistant U.S. Agricultural Attaché
Rio de Janeiro

Below, removing jute fiber from the stalk; right, stretching out the jute fiber to prepare it for drying.

Demand Rises for U.S. Short Staple Cotton

U.S. short staple cotton recently has been arousing considerable international trade interest. Somewhat indicative of this is the fact that some lower grade, shorter staple cotton brought as high as 250 points over the loan rate in mid-October in some Texas markets, according to a recent market report. This interest is probably due in large measure to the substantial decline in availabilities of this type of cotton in the United States over the last year or so compared wth the large surpluses of earlier years, as well as the price attractiveness of such cotton especially for certain end-use markets.

Some foreign buyers, principally in Asia and to a lesser extent in Europe, that have traditionally imported this lower priced U.S. short-staple cotton are indicating renewed interest. Prospects appear reasonable for enhancing the competitiveness of this type of U.S. cotton in world markets through research on production costs and quality, application of improved production techniques, reduction of cost of processing and handling, and production of large, uniform lots. Such prospects have generated interest among foreign customers.

For purposes of this article, "short staple" cotton is generally considered to be cotton under 1 inch in staple length, although 1-inch cotton is sometimes included because of the way some statistics are reported.

Importance of export market

United States exports of short staple cotton averaged close to 1.5 million bales annually in the five seasons from 1964-65 through 1968-69. Exports of this type totaled only 1.1 million bales in 1965-66, a year when total U.S. cotton exports dropped significantly. They were as high as 1.9 million bales in 1967-68 when large quantities were made available from Commodity Credit Corporation inventories.

The importance of short staple cotton exports has continued to increase in recent years from just over one-fourth of total exports in 1963-64 to nearly one-half in 1968-69. Figures developed by industry on disappearance indicate that official statistics may underestimate actual exports of short staples.

U.S. COTTON EXPORTS BY STAPLE LENGTHS

Season beginning August 1	Total U.S. exports all lengths	Exports of cotton under 1 inch	
	1,000 running bales	*1,000 running bales*	*Percent of total*
1963	5,662	1,524	27
1964	4,060	1,244	31
1965	2,942	1,146	39
1966	4,669	1,618	35
1967	4,206	1,940	46
1968	2,731	1,298	48

The Asian area is the chief export buyer of U.S. short staple cotton. The four largest markets in Asia—Japan, Korea, Hong Kong, and Taiwan—accounted for about three-fourths of all U.S. exports of this type of cotton last season (1968-69) as well as in the preceding five seasons. Japan is by far the largest importer, despite a sharp drop to 405,000 bales last season, only one-half as large as the 811,000 bales imported in 1967-68. In fact, close to two-thirds of all U.S. cotton exports to Japan in the last 5 years were under 1 inch in staple length. Korea, Hong Kong, and Taiwan each took over 150,000 bales last season and annually during the preceding 5 years.

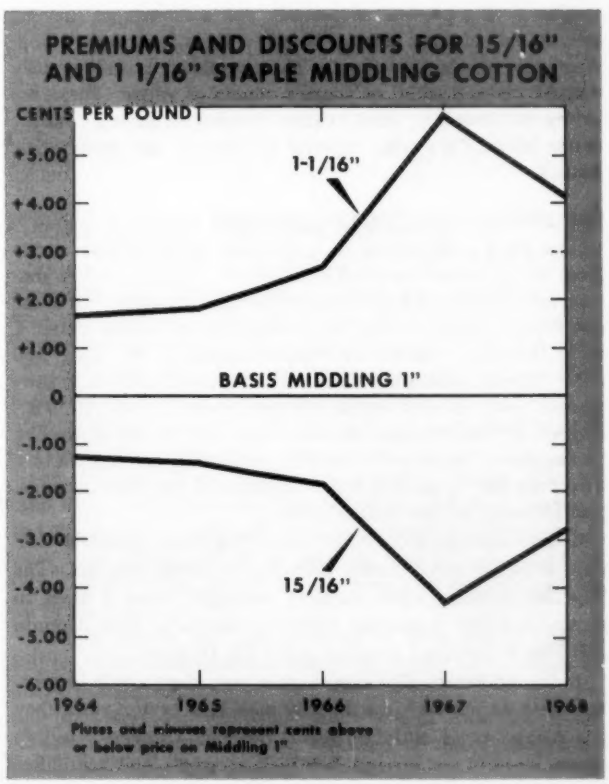
U.S. EXPORTS OF COTTON UNDER 1 INCH BY DESTINATION

Country of destination	Average 1963-67 [1]	1968 [1]
	1,000 running bales	*1,000 running bales*
Asia:		
Hong Kong	153	178
Japan	648	405
Korea	173	220
Taiwan	164	159
Europe:		
France	193	12
Germany, West	35	1
Italy	25	9
Sweden	18	11
Switzerland	72	10
Yugoslavia	161	0
United Kingdom	53	20
Canada	53	79
Total, all destinations [2]	1,494	1,298

[1] Seasons beginning August 1.
[2] Includes countries not listed.

Although shipments to European markets declined in 1968-69 in line with the drop in total cotton exports to that area, the United Kingdom, France, Italy, Sweden, and Switzerland have imported significant quantities of short staple cotton from the United States. Also, Canada has been a market for about 50,000-75,000 bales annually in recent years.

Attractiveness of price compared with prices of other staple



lengths of cotton and with other types of fibers probably is a strong influence on the demand for short staple cotton. The price spread between various staple lengths of cotton is normally at least sufficient to account for the limitations of substitutability between different lengths. Some substitution is possible between adjacent staple lengths. However, it is interesting to note that the price spread between long and short cotton has varied substantially during the last 5 years as a result of the changes in supply-demand relationships.

Vacillating price spreads

For example, the price spread between Middling 1-1/16 inches and Middling 15/16 inch widened from 300 cent points in 1964 to 452 points in 1966. Then in 1967 when longer staples were in short supply, and demand at home and abroad for these types increased, the premiums for Middling 1-1/16 inches jumped sharply to 577 points, 3½ times the premium just 3 years earlier. At the same time, short staples were in surplus supply in the United States, and the discount for Middling 15/16 inch dropped to 429 points. Thus, the total price spread between these two staple lengths averaged over 1,000 points in 1967.

In the 1968 season, long staples were more plentiful and the short staple surplus had been reduced so that the price spread had narrowed to 684 points, but this was still more than double the 1964 figure. This is somewhat indicative of the relative price attractiveness to buyers of the short staples. More recent data available indicate that for the month of September 1969, the price spread had narrowed even further to 592 points.

Of course, price alone is not the only consideration. Certain quality characteristics are usually needed by the textile mill, depending upon the products being made. Short staple cottons frequently can provide absorbency and resiliency, or may be blended with longer cottons or other fibers, primarily rayon, which furnish needed strength. Short staple cottons are usually used to make 8 to 20 or coarser counts of yarns. These are woven into towelling, duck, narrow sheeting, osnaburg, drapery and upholstery material, backing for carpets, and many other fabrics.

Competition from foreign growths

The chief competition to U.S. short staple cotton comes from similar types exported by Pakistan, Nigeria, and Argentina, and Brazil to a lesser extent now than formerly. Of these countries, Pakistan is the largest exporter of cotton under 1 inch, including exports of Punjab-American 4F, LSS, and 289F cottons, which are chiefly roller-ginned, and some saw-ginned. Most of this cotton averages about 13/16" to 7/8". Exports of Pakistani cottons vary from year to year depending on the size of the crop, demand by local mills, and price levels. These are the "bread and butter" cottons of the Pakistan mills, and formerly of the Indian mills.

Cotton exported from Nigeria and Argentina resembles U.S. upland cotton more closely than the Pakistan varieties. The Nigerian cotton (Allen variety) averages about 1 inch in staple, and the Argentine cotton (principally Tipo Comun and Fox 4 varieties) average about 15/16 inch.

India and Burma also export some very short staple cottons, but these do not compete directly with U.S. cotton since they are Asiatic types and fall into a different category. India's cotton exports are around 5/8 inch in staple and are either harsh and rough or soft or off-colored. Indian exporters must get an export license to export cotton.

The Indian Government will only issue export licenses for short staple, nonspinnable cotton because of the need for upland within the country. Burma's cotton exports are generally soft and wasty for Asiatic-type cotton, and most of its production of better quality cotton is used domestically.

COTTON EXPORTS FROM PAKISTAN, ARGENTINA, AND NIGERIA

Season [1]	Pakistan [2]	Argentina	Nigeria
	1,000 bales [3]	*1,000 bales*	*1,000 bales*
1963	621	109	146
1964	371	2	89
1965	363	32	108
1966	483	127	117
1967	718	25	128
1968 [4]	438	5	130

[1] Beginning August 1 for Argentina and Nigeria, and September 1 for Pakistan. [2] Includes upland types, most of which are 1 inch or shorter, and excludes short staple Asiatic Desi types. [3] 500 lb. gross. [4] Preliminary 1968-69 figures for Pakistan are September-May only.

U.S. supplies are smaller

The supply of cotton under 1 inch in the United States as of October 1, 1969 totaled 1.1 million bales, down 53 percent from a year ago and 82 percent below the high level of 6.1 million bales on hand in 1966. This is due in large measure to the sharp reduction in beginning season stocks of this type of cotton from 5.9 million bales on August 1, 1966, to only 0.8 million on August 1 this year. The largest reduction was in the 1967-68 season, but the decline continued last season.

From upland cotton ginned prior to October 1 this season, lengths shorter than 1 inch comprised 18 percent of ginnings against 9 percent to the same date last year. On the basis of varieties planted and classing office reports to October 20, it appears that the quantity of cotton under 1 inch from the current crop will be larger than the abnormally small quantity in last year's crop. It will still be below the levels reached in 1964-65 and 1965-66. Also, an early freeze in mid-October in the Texas High Plains area may reduce the crop size.

The total supply of cotton under 1 inch for the full 1969-70 season may still be as much as 1 million bales below that for last season because of the small stocks at the beginning of this season. If domestic consumption of cotton under 1 inch in 1969-70 continues at last season's level of 1,003,000 bales, as indicated by the August and September 1969 figures, only about 1 million bales of cotton under 1 inch will be available for export. This is only half the nearly 2.0 million bales exported in 1967-68.

SUPPLY OF U.S. COTTON UNDER 1 [1] INCH

Season beginning August 1	Beginning carryover	Ginnings Aug. 1-Oct. 1	Imports [1] Aug. 1-Oct. 1	Supply as of Oct. 1	Total supply for full season
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
1964	3,687	339	0	4,026	7,126
1965	4,339	382	(2)	4,723	8,338
1966	5,932	164	(2)	6,097	8,488
1967	4,921	283	24	5,228	6,626
1968	2,189	131	19	2,339	3,824
1969	821	289	(2)	1,110	—

[1] Includes cotton under 1⅛ inches, but excludes ¾ inch and ⅝ inch categories of imports. [2] August only. [3] Less than 500 bales.

EC Suggests Changes in Marketing of Fats and Oils

The EC (European Communities) Commission has submitted guidelines for an international agreement on fats and oils to the European Council. If approved by the Council, they could form the basis for a specific EC proposal for such an agreement to be negotiated under the auspices of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Food and Agriculture Organization (FAO). The UNCTAD/FAO fats and oils study group, of which the United States is a member, is scheduled to meet in London early in 1970.

The EC Commission has also submitted two different proposals to the European Council that call for a compensatory tax on certain imports of fats and oils and oil-bearing materials coming into Common Market countries. These proposals appear to be more restrictive than the provisions of the existing CAP (Common Agricultural Policy) of the Common Market on fats and oils.

International agreement proposals

The statement of the Commission is that an international agreement on the marketing of fats and oils is needed to improve and stabilize world prices and to increase the export earnings of developing countries. In particular, the Commission feels the following problems should be solved—wide fluctuations in the prices of some oils and raw materials, declining prices in general (particularly because of sharply increased marketings of sunflowerseed, palm, and fish oils), and the declining share of the world fats and oils' market held by developing countries.

The Commission proposes that all developed importing countries apply a tax on imports of most oil-bearing materials (vegetable fats and oils, oilseeds, cakes and meals, fish products, and tallow and lard). Butter and olive oil would not be included. Further, the Commission advocates the removal of quota restrictions and the reduction of tariffs by developed countries. Finally, it advances the idea that target or reference prices for various products should be fixed and that the difference between the actual export price a developing country receives and the target price should be a variable levy paid on imports by developed countries.

The proceeds on the tax collected in developed countries would go to the exporting developing countries to improve their export incomes, to stimulate the consumption of oils and fats within the exporting countries, to finance crop diversification (away from production of fats and oils), to pay for food aid (the distribution of fats and oils to help remove surpluses from the world market), and finally, to set up buffer stocks of the high-priced lauric oils (coconut and palm kernel) to smooth out annual price fluctuations because of temporary shortages and oversupplies during each marketing year.

A portion of the levy would be paid to developing countries without recipients being bound to spend the money in any particular way; however, they would be expected to use the money to achieve the objectives of the international agreement. A mechanism to avoid rampant increase in production in exporting developing countries remains to be considered.

Although it is not yet completely clear just what range is proposed for the target prices, from previous remarks made by EC members at the FAO study group on fats and oils, it appears that the EC considers desirable world price levels to be those existing in 1965. In that year prices were generally higher than in recent years indicating that any variable levy would need to be high for most oils that the United States exports.

The proposal for an international fats and oils agreement being discussed by the EC Commission has the support of the 18 African Associated States including the Malagasy Republic. These States are all associate members of the Common Market. They are among the chief developing countries that are exporters of fats and oils and oil-bearing materials.

Proposed taxes on EC imports

Of the two proposals before the European Council for compensatory taxes to be applied to EC imports of vegetable oilseeds and products, one would be applied to protect domestic producers from injury and the other would be applied if there is "disparity" between raw material and product prices.

One proposal would apply a compensatory tax similar to the one already being charged against USSR sunflowerseed oil and Brazilian castor oil entering the Common Market. Under the present rule, the Community may institute a compensatory import levy on a product if its import price plus the value of the byproducts of the same raw material is less than the value of the requisite raw material plus the cost of processing. The new proposal specifies additional factors that would warrant such a tax—indirect subsidies, bounties, monopolies, and state trading practices.

The other compensatory tax proposal would allow the EC Commission to make a levy against a product without regard to the raw material price plus processing but on the same grounds that it is subsidized in some fashion. For example, a levy could be applied against a vegetable oil or meal even though no actual statistical way existed for determining the relation of cost of raw materials to price of products. The proposal, if accepted, would give the Commission much more latitude than it now has in imposing compensatory taxes.

Chile Links Farm and City

Year-round access to markets along new feeder roads is planned for rural communities on the Pacific Coast and in the Andean foothills in the Provinces of Cautin, Llanquihui, Osorno, Valdivia, and Chiloe in south central Chile. A total of 1,261 miles of roads will be built or improved to link such communities to main highways leading to Chile's large cities and population centers. In addition, numerous bridges and drainage culverts will be constructed.

Construction of the feeder roads will stimulate development of one of Chile's most fertile farm and forestry regions. The five provinces affected grow 29 percent of Chile's wheat, more than 50 percent of its potatoes, and 45 percent of its cattle. Thirty-four percent of the country's seeded pastures are in the region.

Cost of the feeder road program is estimated at US$13 million. The Government of Chile will supply 34.6 percent of funds, the communities affected will contribute 15.4 percent, and the remainder will come from a loan from the Inter-American Development Bank, which has already approved an expenditure of $6.5 million.

Soaring Consumption Boosts Japan's Livestock Imports

Japan's livestock industry continues under heavy pressure as consumer demands for meat and meat products swell beyond expectations. Although production has substantially increased it has been outstripped by consumption which has risen about 35 percent over the past 4 years.

Total production of beef and veal in 1969 is preliminarily estimated at 185,000 metric tons—a 15-percent increase from the 160,215 tons produced during 1968. The increase is largely attributed to an expanded output of Holstein steer meat. However, the demand for beef will apparently absorb the 15-percent increase in production and result in a rise of about 18 percent in imports as well. Japanese imports of beef and processed meat products are regulated under the import quota system. Total imports of beef for 1969 will probably run 15,000 to 16,000 metric tons compared with 13,503 tons in 1968.

Imports from January through July totaled 9,064 metric tons and with the probable issuance of another quota sometime before the end of the year, an additional 6,000 to 7,000 tons of beef should arrive.

Australia continues to be the major supplier of low-priced beef to Japan, shipping 7,646 tons or 84 percent of the total January to June imports. During the same period the United States supplied 45 tons. Although the quantity was small, imports of high-quality U.S. beef increased somewhat as its reputation is spreading among operators of hotels and top-restaurants.

The Japanese Government continues to ban the importation of red meat from Communist China for health reasons. However, effective September 1, 1969, the Japanese Government lifted the embargo on red meat imports from the Republics of Ireland and Malagasy. This brings the total number of possible red-meat suppliers for Japan to eight countries including the United States, Canada, Australia, New Zealand, Formosa, and the Republic of Korea.

Breeding cattle imports

Interest continues strong in the importation of both beef- and dairy-breeding cattle. Imports of beef-breeding cattle are expected to total around 700 head during 1969, including about 500 head of Angus and/or Herefords (mostly heifers) from the United States, around 50 head of Herefords from Canada, 50-55 head of Charolais from France, and 50 head each from Australia and New Zealand.

Dairy cattle imports will probably total around 500 head and will consist mostly of Holsteins from the United States and about 40 head from the United Kingdom.

Imports of livestock for slaughter during 1969 will probably total around 4,000 head, up sharply from the 2,943 head imported during 1968. Imports for slaughter have generally been permitted only from the Ryukyu Islands except for a few cattle shipped from the Republic of Korea on a trial basis.

Dairy cattle numbers continue to expand in 1968 and reached a record 1,633,000 head as of February 1, 1969, up 11.7 percent from a year earlier. The number of dairy farms has been declining in recent years while the average number of dairy cattle per farm has been increasing. In 1969 the number of head per farm averaged 5.1, compared with 4.4 head in 1968, and 4.0 head in 1967. The rapid expansion of milk production has outpaced the growth in demand and resulted in heavy stocks of dairy products.

The number of beef cattle on farms totaled 1,795,000 head on February 1, up 7.7 percent from the previous year's level. The increased number reflects the keen interest of both the government and the industry in expanding domestic beef production.

Sheep and goat numbers continue to decline rapidly in the face of strong competition of imported mutton from Australia and New Zealand. Sheep numbers dropped from 83,000 head on February 1, 1968, to only 64,000 head on the same date in 1969. Goat numbers fell from 223,000 head to 198,000 head during the same period.

Record pork quotas

Peak price pressure during the current season has been placed on pork. In attempts to stem the rising price spiral for domestic pork the government issued record-breaking pork import quotas which totaled 50,000 tons for Japanese fiscal year 1969. It appears that additional quotas may be issued as hog slaughter so far in 1969 has been below that of a year ago. Hog numbers on February 1, totaled 5.4 million head—down 2 percent from the 5.5 million head a year earlier. However, by August total numbers had increased 12 percent and brood sow numbers 10 percent. The increased number of brood sows kept by producers indicates that pork production in 1970 will recover substantially from the low level of 1969.

Pork imports are made only on an emergency basis when the domestic pork supplies fall short and wholesale carcass pork prices exceed the government established maximum price of 51.7 U.S. cents. During the first 7 months of 1969 pork imports totaled 19,868 metric tons. The United States remained the leading supplier, shipping 16,944 tons or 85 percent of the total January-July imports. Most of the remainder came from Formosa and Australia.

Imports of swine breeding stock will probably total about 800 head during 1969 compared with 202 head imported the previous year.

Import quotas issued for processed-meat products for the first half of Japanese fiscal year 1969 were 60 metric tons for ham and bacon, 50 tons for sausage, and 150 tons for canned meat products containing more than 30 percent of beef or pork. Similar quotas are expected to be issued for the second half of the fiscal year.

Leather and tallow

Despite competition from synthetics the demand for genuine leather goods continued strong and Japan's imports of hides and skins from January to June reached 116,541 metric tons compared with 104,032 metric tons imported during the same period a year earlier. Shipments from the United States at $32.8 million represent 74 percent of the total value. Total imports for 1969 will probably exceed the record 184,577 metric tons imported in 1968.

Tallow imports remained pretty steady during the first 7 months of 1969 and amounted to 153,733 metric tons compared with 154,394 metric tons imported during the comparable period a year earlier.

—Based on dispatch from ELMER W. HALLOWELL
U.S. Agricultural Attaché, Tokyo

Bringing Rome the Bacon—and a "Package" System

By WILLIAM F. DOBBINS
Assistant U.S. Agricultural Attaché, Rome

A 5-year effort by the U.S. Feed Grains Council to expand fresh pork consumption and consequently feedgrain utilization in Italy, culminated in the flight of nearly 1,000 head of U.S. high-quality breeding hogs to Rome on September 27. When the plane touched down at Rome's Fiumicino airport it not only brought the breeding stock but also the beginnings of a "package" production system.

During the next year all phases of management, housing, feeding, breeding selection, and other related factors will be supervised by the supplier, the Tripp-Way Corporation of Fort Morgan, Colorado. Barring unforeseen difficulties and without additional shipments of breeding animals it is estimated that within 5 years the pigs in this delivery are capable of producing 200,000 lean pork-type animals each year.

The shipment is the culmination of 5 years of effort by the Rome office of the U.S. Feed Grains Council to expand fresh pork consumption and consequently feedgrain utilization.

Previously "fresh pork" was sold only in limited quantities to the Italian market. In fact, prior to 1964 the sale of fresh pork by butcher shops was prohibited by Italian law, and it was not until early 1969 that the medical journals in Italy finally carried an acknowledgement that lean pork was not damaging to health. Traditionally hog production has been tied to the meat-processing industry for the production of cured and cooked hams and processed meat products. For this reason the industry has required an aged and heavy hog which was not suitable for the fresh pork market.

Low pork consumption

Per capita consumption of pork in Italy averages around 20 pounds per year. Of this about 7 pounds is fresh pork and the rest prosciutto (ham), salami, sausage, and other processed products. The U.S. Feed Grains Council estimates that an increase of only 1 pound in fresh pork consumption would require a substantial increase in feed consumption with an implied need for additional quantities of corn, grain sorghum and other feed ingredients.

Among the promotional efforts sponsored by the Feed Grains Council was a "lean pork contest" conducted in seven major Italian cities during the winter of 1965-66, in an attempt to acquaint the butchers with lean pork and teach them the proper way of cutting up the carcass and preparing retail cuts.

In 1967 "African Swine Fever" struck Italy and 100,000 pigs were destroyed. The disease forced the isolation of entire regions for months and caused a major setback in the development of the fresh pork market as marketing channels were disrupted.

Package system

The accumulation of problems—traditional prejudices on the part of consumers against fresh pork, insufficient knowledge among retailers, lack of processing plants; inexperience on the part of producers, scarcity of lean-type hogs, and good breeding stock—led the Council to conceive the idea of putting together a "package system" program. This plan called for a commercial U.S. production firm utilizing crossbred stock, modern inexpensive production systems, and efficient management techniques to step in and develop an organized production system in Italy.

A number of leading firms were contacted and apprised of the situation. Several sent representatives to Italy, among them was the Tripp-Way Corporation which decided to develop the system. The Council responded by sponsoring a five-man team of Italian experts to the United States to determine the comparative value of U.S. hogs to the European supply. Further negotiations ensued, and in September Tripp-Way signed a contract with the Italian producers to establish foundation breeding stock, management know-how and technology. Terms of the contract called for shipment of 1,000 pigs, for breeding stock, by air to Rome.

Tripp-Way selected the pigs from points in Texas, New Mexico, Colorado, Arkansas, and West Virginia and moved them by truck to Philadelphia International Airport for a scheduled departure on September 25, 1969. However, at the same time the trucks were rolling overland the health authorities in Italy announced that they would not allow importation unless U.S. Government health authorities would certify that there has not been trichinosis within 10 kilometers of any of the seven different originating farms for the last 3 years.

Because of lack of testing such a certification could not be made. Finally, on September 27 after a marathon of meetings and trans-Atlantic phone calls, wording of the health certification was agreed to by both governments and the pigs began their trip to Rome.

The arrival of nearly 1,000 U.S. pigs in Rome on September 27 was a major step in initiating lean pork production in Italy.

Mexico's Crop Trends and Export Vectors

By WILLIAM L. RODMAN
U.S. Agricultural Attaché, Mexico City

The United States and Mexico are not only neighbors geographically. Agriculturally, they have traditional dependencies on each other as suppliers of certain products and farm inputs. Like many other neighbors, they also compete in the export of some farm goods.

The following summaries examine the changes in production of various Mexican farm goods likely to occur during the next few years that could affect the agricultural trade pattern between Mexico and the United States or that could offer more competition to commodities from the United States in third-country markets.

City *versus* country

Growth of the overall Mexican economy is maintaining the same strong pace in 1969 that it has in recent years. Growth of the Gross National Product will apparently again approximate 7 percent. This equals the average annual increase since 1963 and is double the annual population growth calculated at 3.5 percent.

Agriculturally, Mexico is now producing sufficient volumes of most basic foodstuffs and fibers to fill domestic needs at current prices and consumption levels and to provide an exportable surplus of certain commodities. The growth rate in both agricultural commodities and livestock and meat was roughly 4 percent in 1968. A lesser growth rate is probable this year because of severe drought in some northern areas followed by flooding in southeastern Mexico.

The gain in affluence, however, is much more apparent in urban populations than in rural communities—which are slightly more than 40 percent of the total. Also, country people are drifting into cities so that city populations are increasing annually by over 5 percent while rural population gain is only 1½ percent. Further, the rapid rise in the buying power of urban populations is bringing about changes in traditional food consumption patterns.

Corn

Corn is Mexico's single biggest crop with about half the country's cultivated land devoted to its production.

During 1941-45 Mexico imported an average of nearly 2 million bushels of corn a year. During 1962-66, 20 years later, corn self-sufficiency had been attained and about 40 million bushels were exported annually. Improved yield through the introduction of new hybrids and improved farm technology brought about Mexico's corn revolution.

In 1969 the potential to increase corn production in Mexico is enormous. Only about 10 percent of the crop is now grown under irrigation; and many farmers still don't use hybrid varieties or proper cultivation practices. Such producers only average about 10 bushels per acre; U.S. Corn Belt farmers produce about 100 bushels per acre.

But despite the opportunity and support prices of US$1.63 per bushel in the northwest and $1.91 in the rest of the country by CONASUPO (an agency of the Federal Government), the annual growth rate will probably be only about 3 percent—or below the annual population growth rate. The two major reasons are: a continuing swing from corn to sorghum production for livestock and poultry feeds and CONASUPO's financial loss on exports of surplus corn.

Wheat

Wheat is second only to corn in consumption in Mexico and ranks third in area cultivated. Progress in Mexican wheat production after World War II has been spectacular.

Mexican imports of wheat in the 5-year period 1941-45 averaged over 9 million bushels a year. By 1962-66 national demand was being met and a surplus produced enabling the country to export an average of 10 million bushels a year. The national average yield 25 years ago was only 11 bushels per acre; now the Mexican national average yield is up to about 40 bushels per acre.

Part of the key to the wheat upsurge are the renowned new Mexican varieties, now grown in 40 countries, and the fact that 88 percent of the commercial wheatland is under irrigation. Obvious incentives are the wheat support prices to farmers equivalent to US$1.74 per bushel for grain grown under irrigation in Sonora, Sinaloa, and Baja California and $1.99 per bushel to farmers for grain grown in the rest of the country. For U.S. farmers participating in the wheat price support program, the 1969 average support price is approximately $1.90 per bushel.

However, it is doubtful if in the near future Mexico will export large quantities of wheat.

The rapidly increasing number of urban dwellers, as their per capita incomes rise, are changing their cereal preferences from corn to wheat. The Bank of Mexico estimates urbanites are now consuming about 69 percent more wheat per capita and 40 percent less corn than rural people. The domestic demand for wheat and wheat products probably will increase each year until a further major change in demand from cereals to meat occurs. This latter shift in food consumption pattern certainly will not happen for the majority of the population until after 1975.

Also, as CONASUPO loses money on all wheat exports, the government may try to channel wheatland to other uses. But it is probable that more land will come under irrigation and greater production of wheat will take place by 1975—as long as support prices for other crops aren't changed.

Cotton

For 1968-69 cotton production was 2.4 million bales (480 lb. net). The current crop may be as much as 15 percent less than last year's as a result of both climatic factors and the cost-profit squeeze.

Because about 65 percent of Mexico's cotton crop each year is destined for export, Mexico's growers are sensitive to world prices and trends. If prices go up from their present levels, synthetic fibers will enjoy an even greater competitive edge over cotton than they do now. If prices drop, so will producer profits. Rising production costs are narrowing the profit margin already. The average cost of cotton production in Mexico in 1968-69 was approximately the same as the average Mexican export price, which is about $0.235 per pound.

Cotton production during the next 5 years will probably not exceed 2 million bales annually.

Sugar

One of Mexico's chief export earners is sugar. The principal buyer in recent years has been the United States. Mexico's current U.S. sugar quota is about 655,000 short tons a year, which it will probably have no problem in filling.

The direction Mexican sugar production will take after 1970 is only guessable. To a large extent Mexican production will depend upon the U.S. market and the volumes offered by other suppliers. It is reasonable to assume that Mexico's future production will aim at meeting the domestic demand and assigned U.S. quotas.

Fruits and vegetables

Exports of Mexican winter fruits and vegetables have increased in value from roughly US$19 million in 1953 to about $113 million in 1968. Most shipments are to the United States.

Vine-ripe tomatoes are the leading item. Their value in recent years has been nearly three-quarters of the value of all fresh vegetable exports. Shipments during the winter of 1968-69 were an alltime high. During 1967-68, when the crop was heavily damaged and exports much less, the value of fresh tomato exports was almost $47 million. Other export vegetables are onions, cucumbers, green peppers, garlic, squash, and eggplant.

Unless hampered by bad weather, Mexico's exports of fresh fruits and vegetables to the United States will probably increase in the next few years.

Strawberries may be an exception. Growing conditions this season were near ideal, and the harvest is estimated at about 200 million pounds—higher than the previous two seasons but well below the record 320 million pounds harvested in 1966. Exports this year of frozen strawberries reached a record 85 million pounds.

Despite the gain in strawberry production, the actual area under cultivation has declined. Most major processors are diversifying to other crops such as asparagus, broccoli, brussels sprouts, and sweet peppers. A production plane for strawberries may soon be reached and, depending upon the market, maintained through 1975.

Livestock

Mexico and the United States have an interesting and symbiotic relation in cattle trade. Mexico is the prime foreign market for U.S. breeding cattle. The United States is Mexico's biggest customer for manufacturing meat and feeder cattle.

At present there is uncertainty about the future of Mexico's cattle and meat exports.

First, no one can be sure what the actual cattle inventory is in Mexico. According to the official census, there were 17.7 million head, including all types, in 1960. But because of the way the census was phrased, it seems likely that an unknown number of cattle were missed by the census and that the inventory is somewhat larger than the official estimate shows.

On the other hand, because of the reality of both land and cattle expropriation by the government for the Ejido Program, ranchers are reluctant to expand their herds and to improve the carrying capacities of their lands. Probably cattle production in the established cattle regions will not pick up until the land tenure problem is resolved.

The opening of large new cattle areas, however, is not only likely but probable in Chiapas and Tabasco. The World Bank has granted Mexico a loan of US$65 million—most of which is to be used specifically to develop the livestock industry. But such projects will not alter the volume for either domestic consumption or export until at least 1975.

There is no doubt that Mexico will be able to fill its beef export restraint quota of 65.8 million pounds to the United States in 1969. The Mexican Government also authorizes exports of about 700,000 head of feeder cattle per year to the United States.

However, the pinch on supplies caused by the growing Mexican population will probably cause a lessening of meat exports in the next few years. Exports of live cattle will also decrease if feeder cattle are in demand domestically for the Mexican cattle-fattening industry.

Mexico will probably be still exporting meat and live cattle in 1975. If the U.S. market remains relatively profitable compared to Mexico's internal market, exports will probably decline only very gradually.

EC Takes Further Measures To Diminish Milk Surplus

After months of discussion the EC Ministers of Agriculture have approved measures designed to limit the production and commercial supply of milk through payment for cow slaughter and nonmarketing premiums.

A small farmer having at least two milk cows may be granted a premium of $200 per cow if he (1) fully renounces the production of milk for at least 5 years and (2) slaughters all of the milk cows on his farm by April 30, 1970. Total premiums may not exceed $2,000 per farm. Larger farmers having more than 10 milk cows may be granted nonmarketing premiums of $200 per cow if they fully renounce the commercial marketing of milk and all other dairy products for at least 5 years.

In order to qualify for the full nonmarketing premiums, the farmer must have marketed at least 2,000 liters (4,540 lb.) of milk per cow during the preceding 12 months. If he marketed between 1,650 and 2,000 liters per cow, he can qualify for two-thirds of the premium. The nonmarketing premium is designed not only to limit milk supplies but also to encourage the conversion of dairy cattle to beef cattle. There is no limit on the number of dairy cows per farm on which the premium may be paid, and the cows do not have to be slaughtered; in fact, the farmer must continue to keep a number of cattle units equal to the number of milk cows which he held on the date of his request for the nonmarketing premium.

Financing of the cow-slaughter and nonmarketing premiums will be shared equally by the European Community and the Member States. The application of these measures, however, still requires a number of implementing decisions and new formal regulations.

Although the growth rate of milk production in the EC was temporarily lowered in 1968, production continues to exceed the demand for milk products and surpluses of butter and nonfat dry milk continue to increase. At the end of September, the EC intervention agencies and dairies held over 430,000 metric tons of butter and 400,000 tons of milk powder in various storage depots and warehouses.

Americans Set a Poultry Table at ANUGA

Poultry was one of the best-liked American food items at the giant ANUGA food fair (Cologne, Oct. 4-10, see Foreign Agriculture, *Oct. 27). Pictured above is Assistant Secretary of Agriculture Clarence Palmby (center) with officials of the Institute of American Poultry Industries and hostesses at the IAPI booth. Visiting tradesmen sampled various dishes made from American poultry at the counter buffet.*

Finnish Trade Invited to Poultry Buffet

A buffet dinner featuring American poultry was served at Helsinki's Marski Hotel to 28 Finnish poultry tradespeople in September. The Institute of American Poultry Industries and the Foreign Agricultural Service sponsored this first step in introducing to the Finnish trade the variety of ways U.S. poultry meat can be cooked and served. Pictured above with their guests are IAPI's representative Peter Pohl, far left; and U.S. Agricultural Attaché to Helsinki James F. Lankford, fourth from left.

Mexican Tanners See U.S. Hide Industry

The American hide industry took a step toward better business relations with their Mexican customers this fall by inviting a group of tanners from León, Mexico, to come to the United States and visit U.S. hide operations.

The Tanners Chamber of León represents 180 tanners, who in 1968 processed $35.8 million of side upper leather. Tanners used 2,250,000 cured hides, 960,000 of them brought from the United States at the highest prices paid in Mexico for U.S. hides. León purchases represented more than 43 percent of the hides sold to Mexico by hidesmen in the United States that year.

Some complaints

On the whole the tanners were satisfied with hides they had been receiving and wanted to continue buying. But they complained that sometimes the quality and types of hides shipped to them did not come up to their expectations.

Representatives of the National Hide Association in the United States went to León in April and encouraged the tanners to come to this country to see for themselves how and where the hides were obtained and cured.

The Chamber sent seven men—Arturo Tavarez, Hector Ruiz Calvillo, Sergio Nava, Ignacio Coredero, José Noriega, Oscar Pons del Monte, and José Julio Ramirez. All produce side leather and have been trained in the most up-to-date technology in leather tanning.

Chamber President José Ramirez explained their position. "It is of utmost importance that the hides be preserved through proper curing for them to arrive in a tannable condition. This is especially true since shipments from the United States are sometimes detained at the border under unfavorable hot-weather conditions and arrive at the dealer's with the beginnings of decay."

The itinerary

The National Hide Association—market development cooperator with FAS—took the tanners to see hide operations in Kansas City, Mo., and Omaha, Neb., as well as a giant beef packing complex and automated hide operations in Denison, Iowa. The tanners were also guests of honor at the National Hide Association's 25th Annual Meeting in Chicago, where they met curers and hide salesmen.

CROPS AND MARKETS SHORTS

U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in September, the first month of the new marketing year, totaled 13.3 million bushels, compared with 13.9 million in the same month a year ago. Over half of the quantity exported was destined for Japan, followed by the European Community, Canada, and the Republic of China.

Soybean oil exports, at 96.9 million pounds, were down 26 percent from September exports in 1968. For the full marketing year, soybean oil exports declined to 864.0 million pounds, 11 percent or 103.2 million below 1967-68. Even though Public Law 480 shipments to India increased 67 percent over last year, shipments to other major recipient countries fell 41 percent below last year's level. Heavy purchases—estimated to be 158 million pounds—of P.L. 480 oil during August-September, which were not exported before October 1, may help to boost exports in the first 2 months of the new marketing year.

U.S. EXPORTS OF SOYBEANS, OILS, AND MEALS

Item and country of destination	Unit	September 1968 [1]	September 1969 [1]	Sept.-Aug. 1967-68 [1]	Sept.-Aug. 1968-69 [1]
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	0.1	0.3	8.7	10.2
France	do.	0	0	.6	.3
Germany, West	do.	.7	1.0	32.0	30.5
Italy	do.	0	0	14.8	16.4
Netherlands	do.	2.1	1.8	36.8	40.7
Total EC	do.	2.9	3.1	92.9	98.1
Japan	do.	4.9	6.2	73.7	69.9
Canada	do.	1.1	2.1	21.7	37.9
Spain	do.	1.5	.4	29.5	31.2
China, Taiwan	do.	1.4	1.1	10.6	16.6
Denmark	do.	.9	0	15.5	11.8
Israel	do.	0	0	9.5	6.5
Others	do.	1.2	.4	13.2	14.8
Total	do.	13.9	13.3	266.6	286.8
Oil equivalent	Mil. lb.	152.6	146.4	2,927.0	3,148.0
Meal equivalent	1,000 tons	326.5	313.4	6,264.6	6,739.2
EDIBLE OILS		September		Oct.-Sept.	
Soybean: [2]		1968 [1]	1969 [1]	1967-68 [1]	1968-69 [1]
India	Mil. lb.	5.3	64.0	195.8	327.9
Pakistan	do.	75.8	0	223.7	131.4
Tunisia	do.	.1	7.2	96.7	57.5
Vietnam, South	do.	4.2	6.0	36.7	42.8
Israel	do.	16.2	1.7	49.4	34.2
Chile	do.	14.0	1.1	33.2	30.5
Canada	do.	2.1	3.2	25.1	29.3
Morocco	do.	4.5	2.9	54.8	28.1
Dominican Republic	do.	1.2	2.8	50.0	27.7
Iran	do.	0	0	11.6	24.4
Haiti	do.	1.1	1.2	16.6	19.2
Jamaica	do.	(*)	1.2	9.4	11.6
Other	do.	7.1	5.6	164.2	99.4
Total	do.	131.6	96.9	967.2	864.0
Cottonseed: [2]					
Venezuela	do.	2.2	2.2	34.9	70.4
UAR	do.	0	0	0	17.2
Canada	do.	.7	.7	7.5	15.6
Germany, West	do.	0	0	.4	15.3
Netherlands	do.	0	0	.5	10.2
Others	do.	.5	1.8	5.7	15.1
Total	do.	3.4	4.7	49.0	143.8
Total oils	do.	135.0	101.6	1,016.2	1,007.8

Item and country of destination	Unit	September 1968 [1]	September 1969 [1]	Sept.-Aug. 1967-68 [1]	Sept.-Aug. 1968-69 [1]
CAKES AND MEALS					
Soybean:	1,000 tons				
Belgium-Luxembourg	do.	7.7	5.1	240.7	166.9
France	do.	43.5	25.3	495.4	471.8
Germany, West	do.	15.8	32.1	508.2	636.5
Italy	do.	14.3	20.5	190.5	231.9
Netherlands	do.	32.0	35.8	546.9	515.8
Total EC	do.	113.3	118.8	1,981.7	2,022.9
Canada	do.	16.9	23.8	227.8	303.3
Yugoslavia	do.	12.1	8.5	113.7	143.3
Poland	do.	0	0	80.6	103.0
Spain	do.	(*)	16.6	15.0	96.1
Switzerland	do.	.1	3.5	9.4	64.3
Philippines	do.	1.1	2.9	47.7	43.8
Ireland	do.	0	6.5	31.0	43.2
United Kingdom	do.	5.0	.7	82.0	38.5
Bulgaria	do.	0	0	41.4	32.7
Hungary	do.	0	0	50.4	28.6
Portugal	do.	2.2	0	24.1	27.3
Australia	do.	2.5	1.5	27.1	25.4
Others	do.	3.5	2.4	167.6	112.4
Total	do.	156.7	185.2	2,899.5	3,084.8
Cottonseed	do.	.2	4.7	2.9	15.0
Linseed	do.	11.9	14.9	103.7	78.4
Total cakes and meals [5]	do.	177.8	207.2	3,084.9	3,236.4

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Less than 50 tons. [5] Includes peanut cake and meal and small quantities of other cakes and meals. Computed from rounded numbers.

Bureau of the Census.

Cottonseed oil exports, at 4.7 million pounds, exceeded the September 1968 total by 1.3 million. Cumulative exports for October-September 1968-69 reached 143.8 million pounds, nearly 3 times the quantity shipped in the previous marketing year. Since very little cottonseed oil was exported under government programs, the increase represents a threefold gain in sales for dollars.

September exports of soybean meal totaled 185,200 tons, an increase of 18 percent over exports in the same month a year ago. During marketing year 1968-69, soybean meal exports attained a peak of 3.08 million tons, 6 percent above the previous record reached last year. The increased quantities taken by major soybean meal markets were as follows (in thousand tons): Spain, 81.1; Canada, 75.5; Switzerland, 54.9; the European Community, 41.2; Yugoslavia, 29.6; Poland, 22.4; Ireland, 12.2; and Portugal, 3.2. Less soybean meal, however, was taken by the United Kingdom, Bulgaria, Hungary, Australia, and the Philippines. Total exports of all cakes and meals, reflecting the increase in soybean meal, rose to 3.24 million tons from 3.08 million in the previous marketing year.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

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Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	Nov. 4	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.94	0	2.03
USSR SKS-14	1.77	0	1.96
Australian Prime Hard	1.85	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.86	0	1.95
15 percent	1.92	+1	1.99
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	−1	1.89
Argentine	(1)	(1)	1.80
U.S. No. 2 Soft Red Winter	1.52	0	1.71
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	+1	1.31
Argentine Plate corn	1.77	−1	1.39
U.S. No. 2 sorghum	1.48	+4	1.33
Argentine-Granifero	1.47	−1	1.30
Soybeans:			
U.S. No. 2 Yellow	2.74	+1	2.88

[1] Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Yugoslav Tobacco Crop Down

Production of tobacco in Yugoslavia during 1969 is currently estimated at 92.6 million pounds, compared with 96.6 million in 1968 and 119.7 million in 1967. Lower production is largely attributed to declining acreage. The 1969 crop was harvested from 123,500 acres, compared with 140,500 in 1968 and 145,000 in 1967. The low level of guaranteed purchase prices for leaf tobacco by the government remains unchanged since 1965 and appears to be an important factor in the reduced interest in tobacco growing.

Although total tobacco production has been declining, the flue-cured tobacco crop has increased to 9.9 million pounds in 1969 from 4.0 million in 1966. Increased demand and higher prices paid for this type of cigarette tobacco have encouraged increased flue-cured production. Further increases in flue-cured production may be anticipated because tobacco manufacturers are willing to pay more than the minimum guaranteed prices.

Since Yugoslavia is a traditional producer of Oriental tobacco, until recently there has been very little interest in other cigarette types. Now it appears that the domestic demand is gradually changing in favor of Amrican-blend cigarettes. In the past year, Yugoslavia began to manufacture an American-type cigarette under license.

Record Tobacco Crop in South Africa

The 1969 tobacco crop in the Republic of South Africa is estimated to be a record 84.5 million pounds, slightly above the 1968 record harvest of 84.3 million and 37 percent above the 1960-64 average. About 56 percent of the 1969 production is flue-cured tobacco; 26 percent, dark-air cured; 16 percent, light air-cured; and 2 percent, Oriental tobacco. The 1970 tobacco crop is also forecast to exceed 80 million pounds.

More than one-fourth of the total tobacco production is usually exported; flue-cured tobacco makes up the bulk of trade. Unmanufactured tobacco imports, which about equaled exports in past years, were only 2.8 million pounds in 1968, compared with 20.5 million in 1967 and 25.3 million in 1966.

U.S. Meat Imports Up in September

U.S. meat imports subject to quota restrictions during September totaled 121.4 million pounds, up 5.2 percent from the 115.5 million in September 1968. Imports during the January-September period totaled 855.0 million pounds, up 11.4 percent from the same period last year.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW

Imports	September	January-September
	Million pounds	*Million pounds*
1969:		
Subject to Meat Import Law [1]	121.4	[2] 855.0
Total beef and veal [3]	134.2	947.1
Total red meats [4]	171.3	1,277.4
1968:		
Subject to Meat Import Law [1]	115.5	767.5
Total beef and veal [3]	130.2	847.9
Total red meats [4]	169.2	1,178.5
1967:		
Subject to Meat Import Law [1]	89.7	648.3
Total beef and veal [3]	102.7	710.9
Total red meats [4]	132.0	1,002.3

[1] Fresh, chilled and frozen beef, veal, mutton, and goat meat. [2] Rejections occur after entry is made and are included in the published census figures. Rejected meat which is not subject to PL-88-482, and should be subtracted from these figures, amounted to 11.0 million pounds during Jan.-Sept. [3] All forms including canned and preserved. [4] Total beef, veal, pork, lamb, mutton, and goat.

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